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MORTGAGE BANKING

JULY 1985

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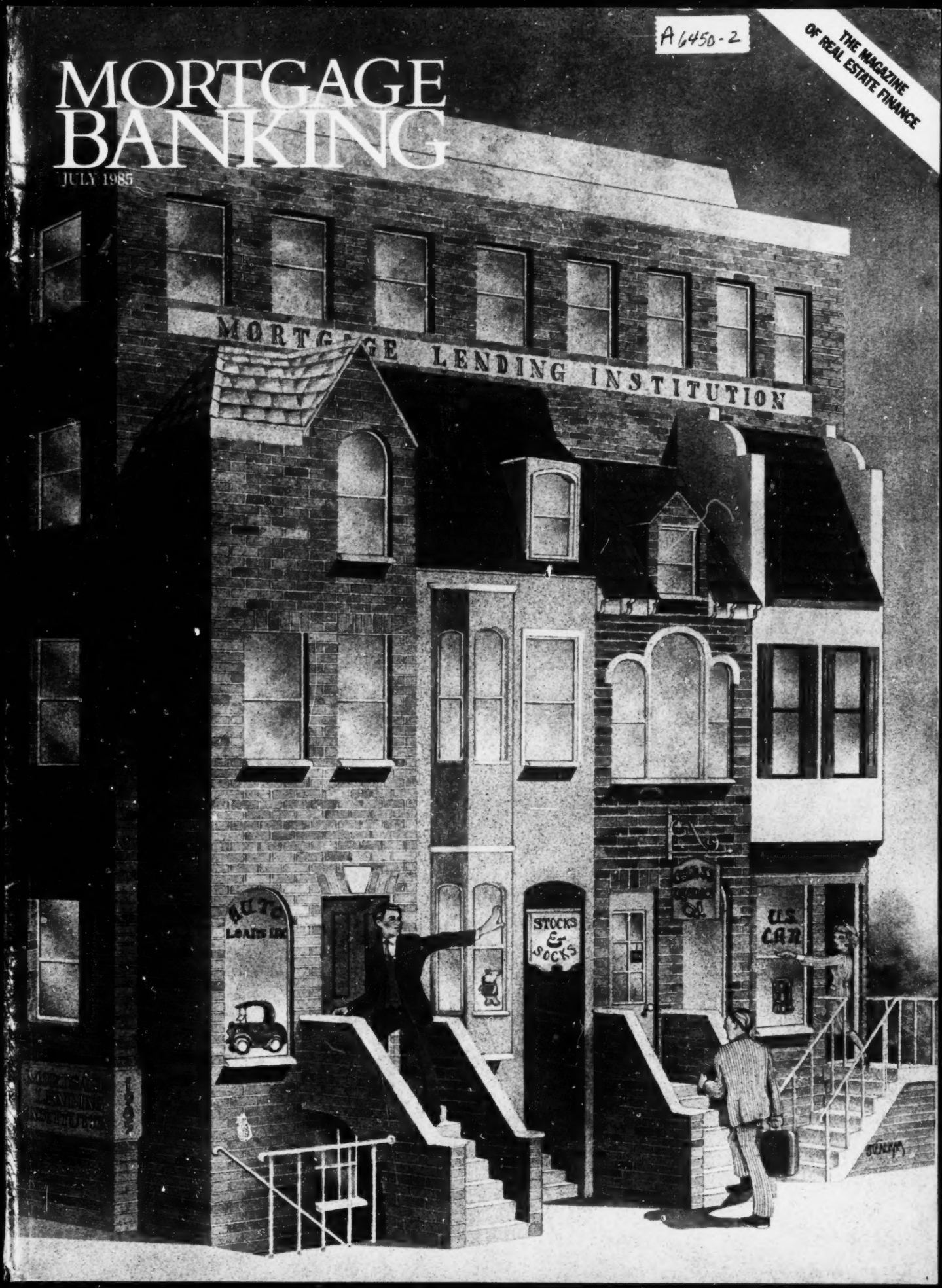

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Mortgage bankers know all too well the interest rate risks they face every business day. The industry has attempted to reduce its rate of exposure by selling products forward or shorting the cash futures markets. To properly manage interest rate risk, originators must thoroughly understand the result of using one hedge over another.

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It appears that 1985 may turn out to be a significantly more profitable year for mortgage lenders than MBA economists previously anticipated. The obvious reason for this bullish housing outlook is the substantial decline in interest rates experienced during this spring. After rising 120 basis points this past winter, short-term interest rates have dropped 170 basis points, while long-term rates have fallen 160 basis points to around 10.4 percent. As a consequence, interest rates on 30-year fixed-rate mortgages are now in the 12 to 12.5 percent range and the housing industry stands virtually alone as a source of strength in the economy. Just how long the latter holds true, however, will obviously depend on the future path of interest rates, which in turn, will be determined by the course of monetary policy and economic growth throughout the remainder of the year.

So far this year, the pervasive weakness in the manufacturing sector has held back economic growth and only a substantial turnaround in industrial production will put the economy on a higher growth path. Although business investment expenditures and consumer spending have remained on an upward path this year, domestic manufacturers have not reaped the benefits, as the strong foreign exchange value of the dollar has caused much of that demand to be satisfied through purchases of imported goods. At the same time, foreign purchases of U.S. export goods have been restrained by the relatively slower rates of economic growth abroad and the strong dollar. Thus, the balance of trade has continued to deteriorate and it is this severe deterioration that has so weakened the U.S. manufacturing sector.

The poor performance of U.S. manufacturers this year has had a profound impact on money and capital markets in two important ways. First, flat industrial production has fostered a sharp reduction in business loan demand, as business loans this year have grown at only a 7 percent annual rate—half of last year's pace. Second, the lethargic rate of economic growth fostered by the faltering trade sector has forced the Federal Reserve Board (Fed) to implement a highly accommodative monetary policy to prevent the economy from slipping into a recession. Since last December, the narrow measure of the money supply, M1, has grown at nearly triple the rate recorded in the last half of 1984. In addition, the Fed has lowered the discount rate three times since last November. Thus, it has been a combination of significantly reduced business loan demand and a highly expansionary monetary policy that has allowed interest rates to drop so sharply.

In MBA's view, there is little reason to believe that an upsurge in business loan demand and a move towards a more restrictive monetary policy will take place any time soon. Although the dollar has weakened somewhat on the foreign exchange markets in recent months, it remains far above the trade-weighted value that prevailed in 1981 and whatever depreciation occurs will be gradual. Thus, the U.S. export and import competing industries will probably remain depressed through the rest of the year, in turn exerting a strong drag on total manufacturing sector production. As a result, increased business loan demand emanating from manufacturing companies is highly unlikely this year. Therefore, a usual source of upward pressure on interest rates will probably remain subdued.

At the same time, as long as the manufacturing sector is burdened by the weight of the strong dollar, the Fed will probably place unusually heavy weight on the effect its decisions could have on the value of the dollar. Thus, the Fed will probably go out of its way to ensure that interest rates are low enough to allow a steady depreciation in the foreign exchange value of the dollar throughout the year. Therefore, it is anticipated that the Fed will continue to pursue an accommodative monetary policy, even if the money supply continues to grow above the Fed's targeted money growth range.

In short, given the above background, MBA feels that interest rates are likely to stay near current levels at least through the mid- to late summer. Consequently, housing activity will remain strong for much of the year—probably strong enough to carry the economy as a whole and avoid a recession. Interest rates on 30-year fixed-rate mortgages will probably stay in the 11.75 to 12.5 percent range during the summer and rates on one-year adjustable rate mortgages will hover in the 9.5 to 10 percent band.

In this interest rate structure, housing starts should approach 1.8 million units for the year and residential loan originations by mortgage bankers should well exceed last year's volume of $48 billion. Fixed-rate mortgages will, in all likelihood, continue to dominate in volume throughout the rest of the year, supporting a substantially improved level of mortgage-backed security issues relative to 1984. Whatever the risks to the housing sector that may exist, they are not likely to surface until the third quarter, when today's low interest rates and the Fed's currently expansionary monetary policy begin to stimulate economic activity as a whole.

Edison R. Zayas, *Economist*
June 17, 1985

When private secondary mortgage market conduits began appearing in the late 1970s, the conventional wisdom was that they would not be able to compete with FNMA (Federal National Mortgage Association), FHLMC (Federal Home Loan Mortgage Corporation) and GNMA (Government National Mortgage Association) for any substantial share of the mortgage securitization pie. A lot has changed since then. In a few short years the private conduits have multiplied, differentiated and specialized and are clearly here to stay.

There are two primary reasons that the private conduits are able to compete more effectively now. They are: The Secondary Mortgage Market Enhancement Act (SMMEA) and other regulatory changes, passed in 1984 and the increase in volume of mortgages sold into the secondary market since its inception in 1970.

The SMMEA extended many of the advantages that the securities sponsored by FNMA, FHLMC and GNMA, and corporate securities have enjoyed to privately issued mortgage-backed securities, creating a more level playing field. The SMMEA, combined with regulatory changes, relaxed laws in registration requirements, trading restrictions and investment eligibility.

In regards to investment eligibility, privately issued mortgage-backed securities are now eligible to be purchased by a wider range of investors. Investment restrictions have been removed that precluded depository institutions and pension funds from purchasing privately issued mortgage-backed securities. By expanding the ability of private conduits to market their product, the SMMEA made it possible for the private conduits to increase their production of mortgage-backed securities and thus to purchase more mortgages from lenders.

The SMMEA also made it possible for forward trading of mortgage securities to take place by relaxing certain margin requirements that were enacted by the Securities Exchange Act of 1934. The Act created a 180-day window during which a mortgage-backed security can be either sold or purchased for forward delivery.

FNMA, FHLMC and GNMA securities are exempt from SEC registration requirements. The SMMEA extended that treatment to eligible privately issued mortgage-backed securities and preempted state registration laws that apply to mortgage-backed securities.

Of equal importance to the SMMEA in creating an environment within which the private conduits can compete, has been the spectacular growth of the secondary mortgage market. In 1970, 39 percent of single family originations were sold into the secondary market. In 1983, the secondary market encompassed 74 percent of single-family originations according to HUD data.

Not only has the volume of secondary market activity increased, the diversity of product sold in the secondary market has multiplied rapidly. In addition to the plain vanilla 30-year fixed-rate mortgage, there are ARMs (adjustable rate mortgages), GPARMs (graduated payment adjustable rate mortgages), GEMs (growing equity mortgages) and a popular product lately—the 15-year mortgage, among others. In short, the secondary mortgage market has enough diversity of product being sold and overall volume to support a large number of conduits and a varied group of investors.

Certainly, the private conduits, even the largest, are still not in a position to go toe-to-toe with the government sponsored institutions. This is due largely to the government guaranty, either implicit or explicit, which FNMA, FHLMC and GNMA securities carry. But even with that remaining disadvantage the private conduits have proliferated rapidly.

The development of the private conduit industry has created a number of different types of conduit institutions. Recently, there has been an explosion of firms who act as CMO (collateralized mortgage obligation) conduits for thrifts. There is Salomon Capital Access for Savings Institutions, Epic Acceptance Corporation, Trident Financial Corporation, ISFA Corporation and Mortgage Bankers Financial Corporation, to name a few of the larger ones. These conduits specialize solely in turning a portion of a thrift's portfolio of mortgages into a CMO.

Perhaps the most well known and easily accessible conduits are the large firms such as RFC, Sears Mortgage Securities Corporation, GEMSC and Citi Mae. These firms are in the market daily with an array of products they are willing to purchase and a competitive fee structure.

The result of this more competitive atmosphere in the secondary mortgage markets is that a larger share of the capital markets is attracted to housing-linked investments. By offering investors a greater variety of products at competitive prices, the secondary mortgage market is able to compete with other larger users of capital, which creates a stable, less expensive source of funds for American homebuyers.

Deborah Whiteside, *Assistant Director, Secondary Market Activities*
June 14, 1985

HOUSING ACTIVITY

RESIDENTIAL STRUCTURES, BY UNIT TYPE

(Units in thousands)

YEAR AND MONTH	HOUSING STARTS: Actual			HOUSING STARTS: Seasonally Adjusted Annual Rate			PERMITS 17,000 ISSUING PLACES: Actual			PERMITS 17,000 ISSUING PLACES: Seasonally Adjusted Annual Rate		
	Total	1-4 Units	5+ Units	Total	1-4 Units	5+ Units	Total	1-4 Units	5+ Units	Total	1-4 Units	5+ Units
1984												
DEC	97	69	28	1,630	1,231	399	105	58	47	1,599	975	624
1985												
JAN	105	66	39	1,849	1,165	684	104	64	40	1,635	1,053	582
FEB	95	68	27	1,647	1,231	416	101	63	38	1,624	1,041	583
MAR	145	101	44	1,889	1,274	615	144	96	48	1,741	1,131	610
APR	175	119	56	1,927	1,269	658	160	105	55	1,704	1,066	638
MAY$_p$	169	119	50	1,663	1,153	510	168	108	60	1,755	1,053	702
1983 TOTAL	1,703	1,181	522				1,605	1,035	570			
1984 TOTAL	1,750	1,206	544				1,682	1,065	617			
5 MONTHS												
1985	689	473	216				677	436	241			
1984	730	510	220				723	475	248			
1983	633	451	182				598	399	199			
1982	363	260	103				343	220	123			

RESIDENTIAL STRUCTURES, BY REGION

(Units in thousands)

YEAR AND MONTH	STARTS: Actual				STARTS: Seasonally Adjusted Annual Rate				PERMITS 17,000 ISSUING PLACES: Actual				PERMITS 17,000 ISSUING PLACES: Seasonally Adjusted Annual Rate			
	North East	Mid-West	South	West	North East	Mid-West	South	West	North East	Mid-West	South	West	North East	Mid-West	South	West
1984																
DEC	13	11	51	22	245	228	814	343	15	12	52	26	235	223	722	419
1985																
JAN	10	8	56	32	248	270	826	505	13	8	53	31	271	208	699	457
FEB	7	6	50	31	260	185	745	457	11	7	50	33	266	187	678	493
MAR	16	17	74	37	265	290	853	481	20	17	68	39	265	234	750	492
APR	25	22	81	47	288	248	887	504	24	22	71	43	258	223	760	463
MAY$_p$	25	29	73	42	239	262	751	411	27	27	71	44	260	261	780	454
1983 TOTAL	168	218	935	382					164	188	863	390				
1984 TOTAL	204	243	866	436					201	212	812	457				
5 MONTHS																
1985	83	83	334	189					95	81	313	190				
1984	63	83	391	194					74	81	363	203				
1983	57	70	367	140					54	61	340	143				
1982	33	42	218	69					34	37	200	72				

YEAR AND MONTH	HOUSING SALES (Units in thousands) EXISTING HOUSES[1]	NEW HOMES Sold	NEW HOMES Avail-For Sale	NEW HOMES Months Supply at Current Rate	VALUE OF NEW CONSTRUCTION PUT IN PLACE (Dollars in millions) Seasonally Adjusted Annual Rate Total	1 Unit	2+ Units	Non-res.	CONSTRUCTION STATUS (Units in thousands) Under Construction Total	1-4 Units	5+ Units	Completions Total	1-4 Units	5+ Units
1984														
NOV	210	42	353	7.2	$184,345	$70,231	$32,273	$81,841	1,101	653	448	134	95	39
DEC	174	38	358	7.0	186,260	70,613	31,237	84,410	1,051	620	431	150	104	46
1985														
JAN	190	48	353	6.9	187,654	71,648	30,628	85,378	1,030	597	433	119	84	35
FEB	193	54	350	6.8	188,700	71,981	29,996	86,723	1,001	585	416	121	79	42
MAR	263	67	353	6.4	187,196	72,818	29,194	85,184	1,020	602	418	125	82	43
APR[p]	282	57	360	7.1	191,425	73,197	29,602	88,626	1,067	629	438	127	91	36
1983 TOTAL	2,719	623										1,393	1,021	372
1984 TOTAL	2,868	639										1,653	1,139	514
4 MONTHS														
1985	928	226										492	336	156
1984	912	234										467	321	146
1983	793	199										337	246	91
1982	589	120										283	191	92

LENDER ACTIVITY

LONG-TERM MORTGAGE LOANS CLOSED

By Type of Institution and By Unit Type

(Dollars in Millions)

YEAR AND MONTH	TOTAL Total	Mtg. Bankers	S&Ls	Banks[2]	Life Cos.	1-4 UNITS Total	Mtg. Bankers	S&Ls	Banks[2]	Life Cos.
1984										
JUL	$ 25,206	$ 3,760	$ 12,979	$ 7,297	$ 1,170	$ 18,019	$ 3,330	$10,213	$ 4,404	$ 72
AUG	25,563	3,570	12,532	7,735	1,726	17,035	3,070	9,546	4,355	64
SEPT	20,283	3,050	9,654	6,701	878	13,213	2,400	6,889	3,867	57
OCT	22,290	3,700	9,643	8,021	926	14,998	3,110	7,188	4,594	106
NOV	20,839	3,370	9,219	7,095	1,155	13,390	3,090	6,445	3,811	44
DEC	27,978	5,250	10,619	8,540	3,569	15,562	4,090	6,914	4,478	80
1983 TOTAL	276,371	65,050	103,882	91,500	15,939	193,535	55,680	81,524	55,605	726
1984 TOTAL	292,968	53,160	129,482	93,338	16,988	194,667	44,500	96,187	53,154	826
12 MONTHS										
1984	292,968	53,160	129,482	93,338	16,988	194,667	44,500	96,187	53,154	826
1983	276,371	65,050	103,882	91,500	15,939	193,535	55,680	81,524	55,605	726
1982	130,689	29,250	43,433	49,637	8,369	88,937	24,440	34,783	29,190	544
1981	135,108	33,480	47,789	42,965	10,874	93,999	25,830	41,980	25,711	478

YEAR AND MONTH	5+ UNITS Total	Mtg. Bankers	S&Ls	Banks[2]	Life Cos.	NONRESIDENTIAL Total	Mtg. Bankers	S&Ls	Banks[2]	Life Cos.
1984										
JUL	$ 1,592	$ 0	$ 963	$ 553	$ 76	$ 5,595	$ 430	$ 1,803	$ 2,340	$ 1,022
AUG	1,567	0	1,221	322	24	6,961	500	1,765	3,058	1,638
SEPT	1,483	70	1,083	306	24	5,587	580	1,682	2,528	797
OCT	1,260	0	880	292	88	6,032	590	1,575	3,135	732
NOV	1,596	0	1,098	387	111	5,853	280	1,676	2,897	1,000
DEC	2,404	80	1,488	404	432	10,012	1,080	2,217	3,658	3,057
1983 TOTAL	19,443	3,840	8,521	5,485	1,597	63,393	5,530	13,837	30,410	13,616
1984 TOTAL	21,733	1,980	13,160	5,127	1,466	76,568	6,680	20,135	35,057	14,696
12 MONTHS										
1984	21,733	1,980	13,160	5,127	1,466	76,568	6,680	20,135	35,057	14,696
1983	19,443	3,840	8,521	5,485	1,597	63,393	5,530	13,837	30,410	13,616
1982	7,410	1,580	3,171	2,221	438	34,322	3,230	5,479	18,226	7,387
1981	6,916	1,740	2,339	2,084	753	34,193	5,910	3,470	15,170	9,643

LONG-TERM COMMITMENT ACTIVITY
By Type of Institution
(Dollars in Millions)

YEAR AND MONTH	ISSUED DURING MONTH					OUTSTANDING				
	Total	Mtg. Bankers	S&Ls	Banks[2]	Life Cos.	Total	Mtg. Bankers	S&Ls	Banks[2]	Life Cos.
1984										
JUL	$ 22,723	$ 4,060	$ 13,424	$ 4,108	$ 1,131	$98,039	$11,480	$54,102	$19,227	$13,230
AUG	19,641	2,920	12,316	3,530	875	92,436	7,970	52,800	18,655	13,011
SEPT	17,127	2,910	9,852	2,870	1,495	90,837	8,150	51,666	17,591	13,430
OCT	19,151	3,910	10,578	3,169	1,494	89,826	8,370	50,624	16,996	13,836
NOV	20,760	3,430	11,549	3,247	2,534	92,434	8,190	51,651	19,389	15,204
DEC	22,130	5,480	10,872	3,713	2,065	91,093	8,700	50,483	17,905	14,005
1983 TOTAL	260,343	81,070	123,361	38,195	17,717					
1984 TOTAL	262,970	50,100	146,184	45,842	20,844					
12 MONTHS										
1984	262,970	50,100	146,184	45,842	20,844					
1983	260,343	81,070	123,361	38,195	17,717					
1982	120,534	47,800	45,184	19,511	8,039					
1981	105,939	36,700	44,386	18,481	6,372					

MORTGAGE INSURANCE
(Units in Thousands, Dollars in Millions)

YEAR AND MONTH	APPLICATIONS RECEIVED (Units)				LOANS INSURED							
	Total	FHA**	VA	Private	Total		FHA(203)		VA		Private	
					Units	Amt.	Units	Amt.	Units	Amt.	Units	Amt.
1984												
NOV	143	48	13	82	85	$ 5,363	9	$ 440	11	$ 668	65	$ 4,255
DEC	142	49	15	78	83	5,363	10	583	13	847	60	3,933
1985												
JAN	138	56	12	70	93	5,973	20	1,125	11	723	62	4,125
FEB	138	59	13	66	73	4,787	10	579	13	867	50	3,341
MAR	168	65	16	87	91	5,824	27	1,504	13	826	51	3,494
APR	188	67	19	102	110	7,103	35	2,007	14	944	61	4,152
1983 TOTAL	1,921	777	261	883	1,302	79,469	367	19,141	283	17,965	652	42,363
1984 TOTAL	1,862	477	180	1,205	1,345	86,777	200	10,644	199	12,730	946	63,403
4 MONTHS												
1985	632	247	60	325	367	23,687	92	5,215	51	3,360	224	15,112
1984	624	173	67	384	445	28,302	86	4,535	82	5,309	277	18,458
1983	590	305	78	207	292	17,295	94	4,808	64	4,024	134	8,463
1982	225	94	31	100	133	7,683	28	1,324	26	1,515	79	4,844

SECONDARY MARKET ACTIVITY
(Dollars in Millions)

YEAR AND MONTH	FNMA				FHLMC				GNMA	
	Portfolio		Mortgage-Backed Securities		Comm. to Sell	Comm. to Buy	Mtg. Purc.	Sold	Pass-Through Securities	
	Comm.	Purc.	Outstanding	Issued					Applications	Issued
1984										
DEC	$ 2,758	$ 1,962	$36,215	$ 1,292	$ 3,909	$ 4,124	$ 4,137	$ 3,818	$ 3,293	$ 2,071
1985										
JAN	1,300	1,943	36,915	913	3,030	4,264	2,197	1,984	4,573	2,654
FEB	1,895	1,559	38,508	1,820	3,362	3,622	3,247	2,425	4,182	2,700
MAR	1,636	2,256	39,370	1,087	3,580	3,453	3,232	3,115	3,757	2,772
APR	1,921	1,515	40,952	1,856	4,672	4,141	2,201	1,973	2,230	2,558
MAY	2,074	1,703	41,613	1,004	n.a.	n.a.	n.a.	n.a.	6,673	3,595
1983 TOTAL	18,606	17,558	—	13,081	30,921	32,846	22,952	21,376	70,461	50,495
1984 TOTAL	21,008	16,722	—	13,546	30,743	32,601	21,885	20,489	36,101	27,859
5 MONTHS										
1985	8,826	8,976	—	6,680	*14,644	*13,540	*10,877	*9,497	21,415	14,279
1984	8,122	7,976	—	4,836	6,025	6,430	5,081	3,907	15,862	12,996
1983	6,531	7,655	—	6,291	6,410	7,445	7,754	7,391	31,506	20,535
1982	7,929	3,314	—	3,539	9,178	9,191	6,481	6,483	8,586	5,226

**—FHA Applications Received now includes the Direct Endorsement Program
*—4 Months Totals

INTEREST RATES AND YIELDS

YEAR AND MONTH	1- to 4-UNIT MORTGAGES							APARTMENTS[4]
	FHA OPINION SURVEY			FHLBB SURVEY		FNMA Mandatory Delivery Yields		
	FHA NEW[3]	CONVENTIONAL New	CONVENTIONAL Existing	CONVENTIONAL New	CONVENTIONAL Existing	ARM (5 yr. Treas.)	Conv.	
1984								
DEC	12.99%	13.05%	13.05%	12.55%	12.77%	12.500%	12.688%	13.98%
1985								
JAN	13.01	12.88	12.88	12.27	12.61	12.400	12.650	13.72
FEB	13.27	13.06	13.06	12.21	12.39	12.238	12.675	14.54
MAR	13.43	13.26	13.28	11.92	12.19	12.860	13.070	14.60
APR	12.97	13.01	13.01	12.05	12.11	12.525	12.669	14.16
MAY	n.a.	n.a.	n.a.	12.06	12.09	12.038	12.281	13.34

YEAR AND MONTH	CURRENT SECONDARY MARKET YIELDS			SELECTED SECURITIES			
	GNMA[5]	FNMA[5]	FHLMC[5]	A-Rated[6] Utility	U.S. Government 10-yr.	U.S. Government 26-wk.	Prime Comm. Paper 90-119 Days
1984							
DEC	12.39%	—	—	12.88%	11.50%	8.28%	8.44%
1985							
JAN	12.35	—	—	12.78	11.38	8.00	8.03
FEB	12.42	—	—	12.76	11.51	8.39	8.54
MAR	12.77	—	—	13.17	11.86	8.90	8.90
APR	12.44	—	—	12.75	11.43	8.31	8.37
MAY	11.93	—	—	12.25	10.85	7.65	7.83

YEAR AND MONTH	SPREADS (Basis Points)			
	FHA New Minus A-Utility	GNMA Minus 10-Yr. Govt.	FNMA Minus 10-Yr. Govt.	FHLMC Minus 10-Yr. Govt.
1984				
NOV	(8)	102	—	—
DEC	11	89	—	—
1985				
JAN	23	97	—	—
FEB	51	91	—	—
MAR	10	91	—	—
APR	22	101	—	—

n.a.—Not available; p—Preliminary
[1]From the National Association of Realtors "Existing Home Sales" series.
[2]Mutual Savings Banks and Commercial Banks
[3]Secondary market gross yields.
[4]Federal Home Loan Mortgage Corp. Existing Construction only.
[5]Securities for 30 day delivery.
[6]Prior to January 1984 this rate was for Aaa-rated New Issue Utility Bonds.

Sources: American Council Life Insurance, Board of Governors of the Federal Reserve System, Bureau of the Census, Citicorp Real Estate Inc., Department of Housing and Urban Development, Federal Home Loan Bank Board, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Government National Mortgage Association, Mortgage Bankers Association of America, National Association of Mutual Savings Banks, National Association of Realtors, Telerate Financial Information Network, Veterans Administration

MORTGAGE BANKING ACTIVITY

LONG-TERM MORTGAGE LOANS CLOSED[1]

YEAR AND MONTH	NOT SEASONALLY ADJUSTED									SEASONALLY ADJUSTED			
		1-4 Units				5+ Units							
	Total	Total	FHA	VA	Conv.	Total	FHA	Conv.	Non-[3] res.	Total[2]	1-4 Units	5+ Units	Non-[3] res.
1984													
JUL	$ 3,760	$ 3,330	$ 800	$ 530	$ 2,000	$ 0	$ 0	$ 0	$ 430	$3,530	$2,960	$ 0	$460
AUG	3,570	3,070	520	380	2,170	0	0	0	500	3,120	2,600	0	510
SEP	3,050	2,400	550	380	1,470	70	70	0	580	3,380	2,500	120	780
OCT	3,700	3,110	820	470	1,820	0	0	0	590	3,600	2,920	0	750
NOV	3,370	3,090	820	470	1,800	0	0	0	280	3,890	3,610	0	280
DEC	**5,250**	**4,090**	**1,280**	**690**	**2,120**	**80**	**0**	**80**	**1,080**	**4,880**	**3,880**	**70**	**770**
1983 Total	65,050	55,680	20,620	12,570	22,490	3,840	810	3,030	5,530				
1984 Total	53,170	44,500	10,850	7,130	26,520	1,980	120	1,860	6,680				
12 MONTHS[5]													
1984	53,170	44,500	10,850	7,130	26,520	1,980	120	1,860	6,680				
1983	65,050	55,680	20,620	12,570	22,490	3,840	810	3,030	5,530				
1982	29,250	24,440	8,510	5,160	10,770	1,580	640	940	3,230				
1981	33,470	25,830	8,380	6,200	11,250	1,740	770	970	5,910				

COMMITMENT ACTIVITY: LONG-TERM MORTGAGE LOANS[1]

YEAR AND MONTH	COMMITMENTS DURING MONTH								OUTSTANDING COMMITMENTS END OF MONTH					
	To Borrowers				From Investors				To Borrowers			From Investors		
	Total	1-4 Units	5+ Units	Non-[3] res.	Total	1-4 Units	5+ Units	Non-[3] res.	1-4 Units	5+ Units	Non-[3] res.	1-4 Units	5+ Units	Non-[3] res.
1984														
JUL	$ 4,060	$ 2,940	$ 0	$1,120	$ 4,050	$ 3,580	$ 20	$ 450	$10,840	$ 70	$570	$9,870	$250	$1,570
AUG	2,920	2,630	0	290	4,220	3,380	10	830	7,430	40	500	7,730	210	1,600
SEP	2,910	2,640	30	240	2,760	2,400	80	280	7,350	300	500	7,460	480	800
OCT	3,910	3,240	0	670	4,550	4,090	30	430	7,660	170	540	8,400	370	740
NOV	3,430	2,820	0	610	3,880	2,760	170	950	7,460	40	690	6,940	270	1,050
DEC	**5,480**	**4,090**	**430**	**980**	**4,850**	**3,910**	**80**	**860**	**7,850**	**100**	**750**	**7,810**	**280**	**1,170**
1983 TOTAL	81,070	67,740	4,310	9,020	79,450	64,240	5,770	9,440						
1984 TOTAL	50,100	41,420	510	8,170	55,550	43,320	3,160	8,570						
12 MONTHS[5]														
1984	50,100	41,420	510	8,170	55,550	43,820	3,160	8,570						
1983	81,070	67,740	4,310	9,020	79,450	64,240	5,770	9,440						
1982	47,800	36,760	3,330	7,710	46,740	34,380	3,960	8,400						
1981	36,700	30,170	1,200	5,330	44,700	30,410	1,740	12,550						

OUTSTANDING END OF MONTH INVENTORY

YEAR AND MONTH	Total	1-4 Units				5+ Units			Non-res.[3]
		Total	FHA	VA	Conv.	Total	FHA	Conv.	
1984									
JUL	$8,870	$6,990	$1,480	$1,090	$4,420	$730	$0	$730	$1,150
AUG	7,070	5,520	1,060	740	3,720	640	0	640	910
SEP	7,390	5,490	1,010	680	3,800	640	0	640	1,260
OCT	8,060	6,350	1,190	870	4,290	600	0	600	1,110
NOV	8,010	6,280	1,190	850	4,240	590	0	590	1,140
DEC	**6,840**	**6,090**	**1,500**	**980**	**3,610**	**170**	**0**	**170**	**580**

YEAR AND MONTH	COVERAGE[4] 1-4 Units	COVERAGE[4] 5+ Units	COVERAGE[4] Non-[3] res.	SERVICING VOLUME[1] Total	SERVICING VOLUME[1] 1-4 Units	SERVICING VOLUME[1] 5+ Units	SERVICING VOLUME[1] Non-[3] res.	NOTES PAYABLE[1] (End of Month Balances) Total	Comm. Paper	To Banks	To Others
1984											
JUL	55%	31%	91%	$421,420	$317,600	$63,980	$39,840	$41,960	$6,190	$12,710	$23,060
AUG	60	31	113	363,570	282,400	42,060	39,110	47,940	5,750	13,220	28,970
SEP	58	51	45	381,070	302,840	39,300	38,930	59,220	4,520	14,240	40,460
OCT	60	48	45	417,780	339,960	40,660	37,160	57,230	4,830	17,070	35,330
NOV	51	43	57	422,490	350,580	39,790	32,120	54,180	4,820	19,180	30,180
DEC	56	96	88	385,270	321,620	33,110	30,540	42,280	8,390	23,680	10,210

CONSTRUCTION AND LAND LOAN ACTIVITY[1]

YEAR AND MONTH	CONSTRUCTION LOANS CLOSED Total	1-4 Units	5+ Units	Non-[3] res.	DISBURSEMENTS DURING MONTH Total	1-4 Units	5+ Units	Non-[3] res.	Land Loans	END OF MONTH INVENTORY Total	1-4 Units	5+ Units	Non-[3] res.	Land Loans
1984														
JUL	$790	$130	$210	$450	$280	$ 70	$10	$200	$180	$2,760	$ 900	$240	$1,620	$1,120
AUG	410	110	130	170	100	60	0	40	90	2,200	790	190	1,220	830
SEP	440	100	160	180	100	50	10	40	120	2,150	790	180	1,180	800
OCT	400	210	100	90	90	40	10	40	130	2,180	780	220	1,180	870
NOV	210	140	50	20	170	110	20	40	240	3,520	1,380	410	1,730	2,260
DEC	470	270	120	80	430	220	30	180	470	9,240	3,790	790	4,660	3,440

COMMITMENTS TO BORROWERS: LAND AND CONSTRUCTION LOANS[1]

YEAR AND MONTH	ISSUED DURING MONTH Total	1-4 Units	5+ Units	Non-[3] res.	END OF MONTH BALANCES Total	1-4 Units	5+ Units	Non-[3] res.
1984								
JUL	$1,730	$130	$ 60	$1,540	$4,090	$870	$470	$2,750
AUG	770	190	80	500	3,680	850	460	2,370
SEP	760	100	80	580	4,170	760	580	2,830
OCT	710	150	160	400	3,820	860	590	2,370
NOV	380	140	70	170	3,230	680	430	2,120
DEC	790	200	10	580	3,910	930	280	2,700

Notes: [1]All dollar amounts are in millions.
[2]Total is seasonally adjusted separately from components. Total, therefore, may not equal sum of parts.
[3]Series labeled non-residential are also inclusive of farm data.
[4]Percent coverage equals outstanding commitments received from investors divided by the sum of outstanding end of month inventory and outstanding commitments issued to borrowers, all multiplied by 100.
[5]Year-to-date seasonally adjusted series not calculated.